



April 15, 2021

Hon. Louis Luchini, Chair
Hon. Christopher Caiazzo, Chair
Maine Joint Committee on Veterans and Legal Affairs
100 State House Station
Augusta, ME 04333

Dear Senator Luchini and Representative Caiazzo:

This testimony is submitted on behalf of the Distilled Spirits Council of the United States, a national trade association representing producers and marketers of distilled spirits and importers of wines sold in the United States in support of L.D. 1358 entitled "*An Act To Provide for the Direct Shipment of Spirits to Consumers.*" As you know, this legislation would allow the direct-to-consumer shipment of spirits products in the same manner as is allowed for the direct shipment of wine.

Modern-day consumers want enhanced convenience when it comes to purchasing their favorite products, including distilled spirits, whether produced in-state or out-of-state. In recent years, the world of commerce has changed and will continue to change dramatically – particularly in the wake of the COVID-19 pandemic. Markets must adapt to meet consumer demand. Allowing distillers to ship directly to consumers would help meet this consumer demand while acting as a complement to the current sales system for beverage alcohol.

In the last 15 years, the number of distilleries across the country has increased from 70 to more than 2,000 nationwide. Increasingly, consumers want to have access to the new and exciting spirits products that often may not be available in their state. Importantly, expanding distillers' ability to direct ship to consumers will also introduce more consumers to Maine craft distiller brands and products. Consumers may be able to obtain limited-release products and club offerings, or to ship products home from a distillery visit.

Ten states currently allow direct-to-consumer shipping of spirits, and eight others are allowing in-state shipping during the COVID-19 pandemic. Distillers in these states recognize that the ability to ship their spirits products directly to their customers has been and continues to be "a critical lifeline" while their distillery tasting rooms and tours have been shut down due to the pandemic. In addition to providing much needed support to Maine craft distillers facing financial hardship due to the COVID-19 closures, adopting legislation that will permanently allow distilleries to ship to consumers creates a more convenient marketplace by responding to consumers' demands for increased choice and variety.

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Furthermore, direct-to-consumer shipping will lead to small craft products growing into brands available through the state system, thus strengthening both those spirits businesses and the state system. Direct-to-consumer shipping will allow distillers to test new products directly with consumers and determine if there is a strong enough consumer demand and product viability for the brand before going through the state listing process.

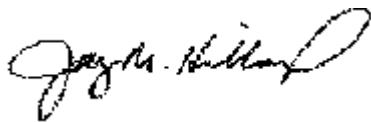
The Distilled Spirits Council and the spirits industry are fully committed to responsible consumption and encourage moderation for adults who choose to drink alcohol. Maine, along with 44 other states, has successfully and safely allowed wine producers to ship wine to consumers in Maine for years. There are well established and appropriate measures in place to restrict minors from illegally accessing beverage alcohol through direct shipment. As a result, there is no reason spirits should be precluded from market access channels already enjoyed by the wine industry.

It is the intent of the legislation – and DISCUS – to maintain state tax collections on distilled spirits, ensure product integrity and safeguard against underage purchases. We are fully prepared to work with the Committee and BABLO to address concerns and issues that may be raised in any of these areas and find a way forward that is satisfactory to everyone involved.

We look forward to working with the Committee and urge support of this legislation that will help Maine distillers and your constituents gain expanded access and convenience through the direct shipment of distilled spirits.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Jay M. Hibbard". The signature is fluid and cursive, with a large initial "J" and "H".

Jay M. Hibbard
Senior Vice President State Public Policy

cc: Members of the Joint Committee on Veterans and Legal Affairs